DOCUMENT RESUME

ED 290 505 JC 880 019

AUTHOR Rowell, David; Smith, Linda
TITLE Community College Business and Technical Aid. Memorandum Report to the Legislature.
INSTITUTION New York State Legislative Commission on Expenditure Review, Albany.
PUB DATE 30 Apr 87
NOTE 17p.; Document printed on light orange colored paper.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Business Education; Community Colleges; *Educational Finance; Equipment; *Financial Support; Program Costs; Program Improvement; *Resource Allocation; *State Aid; State Surveys; *Technical Education; Two Year Colleges
IDENTIFIERS Equipment Needs; *New York; Supplemental Income

ABSTRACT

A study was conducted of nine State University of New York (SUNY) and three City University of New York (CUNY) community colleges to determine the impact of supplemental financial aid on the operation and financing of community college business and technical degree programs. The study sought to assess the extent and reasons for business and technical program changes; review how community colleges have accounted for and updated instructional equipment for these programs; analyze 1985-86 staffing and equipment costs; and describe funding sources available for maintaining business and technical programs. Study findings included the following: (1) supplemental aid constituted 2% of CUNY and SUNY community college 1985-86 operating costs; (2) student demand, college planning, private firms' views, faculty demand and interest, and supplemental aid were the five most important factors influencing changes in business and technical programs at the sample colleges; (3) beyond a general need to update computer capability for technical programs, community college staff listed health services, computer-aided drafting, robotics, laser and fiber optics, and telecommunications programs as those most needing equipment updates; (4) community college staff stated that the availability of adequate revenues was a more significant factor in instructional equipment replacement than in program changes; and (5) business and technical programs had a significantly higher share of major instructional equipment per 1985-86 credit hour than other programs at the sample colleges. (EJV)

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Legislative Commission On Expenditure Review

Memorandum Report to the Legislature

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COMMUNITY COLLEGE BUSINESS AND TECHNICAL AID

David Rowell

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COMMUNITY COLLEGE BUSINESS AND TECHNICAL AID

Under Section 6303 of the Education Law, the 30 State University of New York (SUNY) and seven City University of New York (CUNY) community colleges are charged with providing two year post high school programs "combining general education with technical education relating to the occupational needs" of the geographic areas they serve and those of the State and nation. To finance this mission, community colleges in 1985-86 used tuition (25.2 percent), local sponsor's contribution (33.5 percent), State aid (31.0 percent) and other revenues (10.4 percent) such as federal aid and service fees for their operating expenses. Local sponsors are the city or one or more counties which support the establishment and operations of the college. Community colleges also can receive a maximum of 50 percent aid on capital projects subject to approval by the State University Trustees and the Legislature.

Basic aid, contract course and supplemental aid for business and technical programs are the three components of State operating aid for community colleges. For basic aid, community colleges receive the lesser of 40 percent of their operating costs or the dollars generated by several incentive formulas. Contract course aid supports college courses offered for the creation, improvement and retention of job opportunities through contracts between the college and businesses, labor organizations or not-for-profit corporations. Supplemental aid, the subject of this report, assists in the support of business and technical programs. As shown below, basic aid amounted to over 92 percent of 1985-86 State operating aid to community colleges followed by supplemental aid (6.5 percent) and then contract course monies (1.3 percent).

Aid Category	1985-86 Claims	Percent of Total Aid
Basic	$232,287,991	92.2
Supplemental	16,386,031	6.5
Contract	3,159,273	1.3
Total	$251,833,295	100.0

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Under 1973 legislation, the Legislature authorized community colleges to receive $150 for each full-time student enrolled as a major in a nonbusiness-oriented technical degree program "to provide state assistance for operating expenses for community colleges incurred through the operation of high-cost technology and science degree programs."[1] Supplemental aid for technical degree students was increased to $180 in 1978-79 and to $195 in 1982-83. In 1978-79, the Legislature authorized additional supplemental aid of $75 for each full-time equivalent (FTE) community college business degree student increasing it to $82 in 1982-83. SUNY and CUNY community colleges claimed $4.2 million in business aid and $12.2 million in technical aid in 1985-86.

This report analyzes the impact of supplemental aid on the operation and the financing of community college business and technical degree programs by:

--Describing and analyzing the extent and the reasons for business and technical program changes,

--Reviewing how community colleges have accounted for and updated instructional equipment for these programs,

--Analyzing 1985-86 staffing and equipment costs for business, technical and other programs, and

--Describing funding sources available for maintaining business and technical programs.

Staff Findings

● Supplemental aid constituted two percent of CUNY and SUNY community college 1985-86 operating costs, a decline from three percent in 1978-79.

● Supplemental aid neither needs to be earmarked nor must its expenditure be separately documented by the community colleges.

● Student demand, college planning, private firms' views, faculty demand and interest, and supplemental aid were the five most important factors in business and technical program changes at the sample colleges. Employees of private firms play an important role in program changes and equipment updates by serving on advisory committees for business and technical programs.

● Beyond a general need to update the computer capability for technical programs, community college staff listed health sciences, computer aided drafting, robotics, laser and fiber optics and telecommunications programs as those most needing equipment updates. Business programs needed accounting software, new computer main frame equipment and updated word processing machines.

● Community college staff stated that the availability of adequate revenues--supplemental aid and grants--was a more significant factor for instructional equipment replacement than for program changes for business and technical programs.

● Business ($6.26) and technical ($16.67) programs had a significantly higher share of major instructional equipment per 1985-86 credit hour than other programs ($0.86) at the sample colleges.

● In 1985-86, sample SUNY and CUNY community college technical programs had a greater instructional and support allocation and a higher direct and total program cost per credit hour than did business and other programs as shown below:

Program Type	Enrolled Students Per Staff	Direct Costs Per FTE Credit Hour	Total Costs Per Credit Hour
Technical	121.7	$80.28	$175.56
Business	172.6	49.46	140.79
Other	182.4	60.56	152.16

Staff Recommendation

Community colleges should adopt an equipment inventory system that can be used in budgeting for instructional equipment replacement. State University Trustees should develop guidelines to assist the SUNY community colleges in implementing this recommendation.

Program Background and Legislative Intent

Chapter 708 of the Laws of 1973 authorized community college operating aid of $150 for each full-time student enrolled in a nonbusiness-oriented Associate of Science or Associate of Applied Science technical degree program for the 1973-74 academic year. The technical program aid base rose to $180 in 1978-79 and to $195 in 1982-83. From 1979-80 to 1981-82, the aid base was reduced to $178 for SUNY community colleges to eliminate a disparity between CUNY and SUNY community colleges created by the 1978-79 supplemental budget. In 1978-79, the Legislature authorized $75 in operating aid for each full-time equivalent (FTE) business major in each community college and increased that aid to $82 in 1982-83. An FTE is a hypothetical student who enrolls in courses with 30 credits during a college fiscal year.

Under the 1973 legislation, technical aid was "to provide state assistance for operating expenses for community colleges incurred through the operation of high-cost technology and science degree programs."[2] Subsequent Local Assistance appropriations stated only that students in technical (and later business) programs can be claimed subject to SUNY regulations. Those regulations defined technical programs as:

> Certificate and diploma programs in the sciences and technologies and all associate in science, associate in applied science and associate in occupational studies degree programs with the exception of associate in science, liberal arts and general studies degree curricula and the following business curricula and options and local variations of these program names.[3] (23 specified programs)

Business programs are all certificate and diploma business degree programs, including those under the 23 categories listed in the regulations.[4] Colleges are eligible for supplemental aid if they can document eligible students and maintain their local sponsors' contributions[5] at or more than the prior year's level. The supplemental aid neither needs to be earmarked nor must its expenditure be separately documented by the community college.

CUNY does not allocate its community colleges an earmarked sum for supplemental aid but CUNY distributes all revenues to the colleges using a set of discipline-specific student-faculty ratios. CUNY staff indicated that supplemental aid has resulted in lower student-to-faculty ratios for community colleges than otherwise would have been possible.

Program Growth

SUNY and CUNY community colleges claimed $4.2 million of business aid and $12.2 million of technical aid for 1985-86, an increase of $1 million in business aid and $2.8 million in technical aid since 1978-79, the last year of reliable data for CUNY community colleges. Since 1978-79, business majors have grown by 28.4 percent in SUNY and 5.1 percent in CUNY while the increase in technical program majors has been 6.9 percent for SUNY colleges and 47.5 percent for CUNY schools.

Because of the broad eligibility criteria, almost 94 percent of the autumn 1985 approved and operating programs in the SUNY and CUNY community colleges were classified as business (29.8 percent) or technical (64.0 percent). Slightly less than two-thirds of the total community college 1985-86 FTE enrollment was claimed for supplemental aid. Technical program

students accounted for 35.9 percent, and business majors constituted 29.6 percent of the 1985-86 community college enrollments. Because of the FTE funding level for business and technical programs, supplemental aid constituted two percent of community college 1985-86 operating costs, down from three percent in 1978-79.

Methodology

Nine SUNY and three CUNY community colleges were selected by LCER staff as a representative sample for field visits. The colleges are geographically dispersed and represent the spectrum of current school enrollments and business and technical enrollment growth rates for the past five years (Table 1).

Each sample college submitted data about:

--Recent business and technical program changes,

--1985-86 academic enrollment, staff and equipment costs,

--Plans for academic equipment and program expansion, and

--Information on its instructional equipment and inventory system.

After reviewing the data request, LCER staff interviewed college staff about the audit issues.

Table 1

Community College Sample
Business and Technical Enrollments

College	Percent Change 1981-82 to 1985-86 Technical FTE[a]	Technical Rank	Business FTE[a]	Business Rank	1985-86 FTE[a] Enrollment	Rank
SUNY[b]						
Monroe	+16.2	5	-0.7	12	8,400.0	4
Schenectady	+13.6	6	+19.2	3	2,100.0	18
Dutchess	+10.4	7	-1.5	14	4,600.0	12
Cayuga	+5.5	12	-26.0	28	1,825.0	23
Jamestown	+1.5	15	-9.2	25	2,520.0	16
Jefferson	+0.8	17	+0.9	9	1,370.6	26
Westchester	-8.5	25	-8.4	23	5,446.6	8
Herkimer	-13.8	28	-3.0	17	1,642.6	24
Suffolk	-16.3	30	-22.3	27	11,600.0	2
CUNY[b]						
Hostos	+71.0	2	+11.0	4	4,840.0	6
Kingsborough	+22.2	4	+12.6	3	8,957.0	2
Queensborough	+10.6	6	+8.3	6	8,304.0	3

[a]FTE is a full-time equivalent hypothetical student who takes 30 course credits in a college fiscal year.
[b]Rankings are done independently for SUNY and CUNY. There are a total of 30 SUNY and seven CUNY community colleges. Figures are 1985-86 budgeted enrollments.

Source: CUNY Central Office and SUNY Office of Community Colleges, July and August 1986 as calculated by LCER staff.

Development of Business and Technical Programs

The review process to establish a new program was similar for the sample colleges. Program ideas may come from faculty, administrators, program advisory committee members and/or private firms which need employees with specific skills. Departmental staff develop the programs after a Letter of Intent has been sent and approved by SUNY or CUNY Central. Curriculum committees, which may be separate from or part of the Faculty Senate, review the proposal while the entire faculty or the Faculty Senate usually must approve a new program. Finally the College President, usually with other administrative staff, reviews the new program before the Board of Trustees at a SUNY school or the Chancellor's Office in CUNY decides to approve it. Program proposals submitted to SUNY or CUNY Central must document need including the availability of employment for graduates, the possible duplication by similar programs nearby, curriculum requirements, staff and facility resources needed for the program's first five years and staff vitas.

Four sample schools had formal college wide plans guiding their program review process. Schenectady Community College requires that all program changes be justified by reference to its institutional plan. Of the remaining schools, three relied on departmental program reviews and plans; three colleges used general college goals while the other two colleges expect to begin formal planning soon.

Program Growth Patterns

Table 2 presents an autumn 1985 summary of approved and operating programs and new programs begun since 1973-74 for both SUNY and CUNY community colleges. Business (29.7 percent), engineering and applied sciences (24.8 percent), health sciences (11.5 percent), public service (9.2 percent) and liberal arts and general studies (8.2 percent) constituted over four-fifths of the approved programs. Business had the largest number of programs for SUNY and CUNY. Health sciences and professions (22.9 percent) and engineering and applied sciences and technologies (27.1 percent) were second for CUNY and SUNY, respectively.

Comparing programs approved since 1973-74 to all autumn 1985 programs, public service and applied arts constituted 9.2 percent and 5.8 percent of all programs, respectively, but were 14.8 percent and 9.4 percent of all new programs. In contrast, business and liberal arts and general studies programs amounted to 29.8 percent and 8.2 percent of all programs but constituted only 14.4 percent and 3.6 percent, respectively, of new programs.

Reasons for Program Growth

LCER staff requested that community college staff rank the top five reasons for growth in technical and business programs and technical and business equipment updates from a list of 12 factors. Table 3 presents the top five reasons for those four categories. The same five factors with slightly different rankings--student demand, private firms' views, community college planning, supplemental aid received and faculty demand and interest--were found in the growth of both business and technical programs. Student demand was the most important factor affecting program changes.

Of the other factors, private firms are heavily involved with the community colleges through representation on program advisory committees. Nine of the 12 colleges visited had advisory committees for most or all of their business and technical programs. The other three had committees for selected programs where they had obtained sufficient private sector representatives to serve as program advisors. Departmental staff select advisory committee members, sometimes subject to board of trustees approval; members are usually practitioners in the

Table 2

Program Growth
All SUNY and CUNY Community Colleges
Percent of Total Programs

Program Type	Approved Programs Autumn 1985			Proportion of New Programs Approved 1973-74 to 1985-86		
	SUNY	CUNY	Total	SUNY	CUNY	Total
Agricultural and Forestry	0.7	0.7	0.7	3.3	1.6	2.9
Applied Arts	6.1	3.9	5.8	9.3	9.7	9.4
Architecture and Related Professions	0.9	0.0	0.8	0.0	0.0	0.0
Arts	1.7	2.6	1.8	4.2	3.2	4.0
Biological Sciences	0.3	1.3	0.4	0.5	1.6	0.7
Business	28.8	36.6	29.7	12.6	21.0	14.4
Education	0.4	6.5	1.1	2.3	6.5	3.2
Engineering and Applied Sciences	27.1	7.8	24.8	28.4	8.1	23.8
Health Sciences	10.0	22.9	11.5	9.3	25.8	13.0
Home Economics	2.6	2.6	2.6	4.7	4.8	4.7
Humanities	0.3	0.7	0.4	0.5	0.0	0.4
Liberal Arts and General Studies	8.5	5.2	8.2	4.2	1.6	3.6
Library Services	0.1	0.0	0.1	0.0	0.0	0.0
Mathematics	2.6	4.6	2.8	4.7	1.6	4.0
Public Service	9.9	3.9	9.2	14.9	14.5	14.8
Social and Behavioral Sciences	0.2	0.7	0.2	1.4	0.0	1.1
Total	100.2	100.0	100.1	100.3	100.0	100.0
(n=)	(1,171)	(153)	(1,324)	(215)	(62)	(277)

Note: Percentages do not add due to rounding.

Source: CUNY Central Office and SUNY Office of Community Colleges, July and August 1986 as calculated by LCER staff.

field or academic staff in nearby comparable programs.

According to community college staff, advisory committees:

--Assist in program development,

--Review and assess curriculum changes,

--Keep faculty apprised of the need to update or replace equipment, and

--Provide students with internships or on-the-job training.

Some examples of the advisory committees' role in community college decision making include:

--The Medical Records Advisory Committee at Monroe Community College suggesting curriculum changes to integrate the impact of diagnostic related groups' record keeping into the program,

--The Suffolk County Community College Paralegal Advisory Committee preparing for program accreditation, and

--The Postal Management Advisory Committee at Herkimer County Community College suggesting that a one year postal management program would suffice rather than a proposed two year program.

Equipment Revisions and Updating

This section:

--Compares the equipment inventory system used by the SUNY four year colleges and university centers and two year agricultural and technical schools to those used by the sample community colleges,

--Describes how the sample community colleges develop their equipment budgets,

--Reviews the most pressing instructional equipment needs for their business and technical programs, and

--Discusses the principal reasons for business and technical equipment updates.

Inventory System

The SUNY inventory system is used by the university centers and other four year colleges and the two year agricultural and technical schools. The system is designed to account for a school's equipment and to develop budget estimates for equipment replacement. All pieces of equipment valued at more than $100 with a

Table 3

Sample Community College Rankings
Reasons for Program Growth and Equipment Updates

	Business Programs		Technical Programs	
1.	Student Demand	2.8*	Student Demand	4.0
2.	College Planning	2.5	Private Firms' Views	2.3
3.	Private Firms' Views	2.3	College Planning	2.3
4.	Faculty Interest	1.9	Faculty Interest	1.7
5.	Business Aid	1.8	Technical Aid	1.4
	Business Equipment		**Technical Equipment**	
1.	Business Aid	2.5	Private Firms' Views	2.4
2.	Receipt of Grants	2.3	Faculty Interest	2.4
3.	Faculty Interest	2.3	Student Demand	2.2
4.	Private Firms' Views	2.3	Receipt of Grants	1.9
5.	Student Demand	1.9	Technical Aid	1.9

*The staffs ranked the first to the fifth most important factors in program changes and equipment updates. The most important factor was weighted five points while the second to fifth most important factors were weighted four, three, two and one point, respectively. The number indicates the summation of these weightings divided by 12, the number of community college responses.

Source: Sample Community Colleges' response to LCER staff interview question, October to December 1986.

life expectancy over two years are in the inventory. Each piece of inventoried equipment has a location tag and a serial number. To operate the system properly, SUNY Central staff indicated that each campus should have a manager responsible for maintaining and updating the inventory principally through conducting annual inventories. Each academic department also should make a staff person responsible for its equipment.

As of 1985-86, the sampled community colleges' inventory systems all had serial numbers and location tags for their equipment and inventory managers to maintain the systems. Ten colleges had their inventories computerized. However, only two colleges conducted annual inventories; two colleges had a four or five year inventory cycle; five schools maintained their systems by having departments notify the inventory manager of equipment additions or deletions; at a sixth school, the inventory manager was only notified of inventory additions; and two schools had no central mechanism to update their inventories. Most of the sample colleges did not conduct annual inventories because of the time and resources required to complete the task.

The SUNY inventory system maintains the following information for each piece of equipment:

--Original and replacement costs,

--Replacement life, and

--Condition (updated by the annual inventory).

These data are used to develop replacement estimates for college budgets. Replacement life cycle information is obtained from a depreciation schedule for equipment developed by the American Hospital Association. Replacement costs are developed by annually updating the original cost using the federal Consumer Price Index for scientific and technical equipment.

Using this information, a college can annually determine the amount and estimated value of equipment needing replacement by summing the value of equipment that is in poor condition and/or has exceeded its replacement life. Some equipment may have to be replaced before its replacement life has been reached while some may be used beyond its replacement life. Nevertheless, the system provides colleges with a tool for equipment budget preparation.

Herkimer was the only college sampled to use its inventory system as a budgeting tool. It maintains all of the SUNY system information on equipment except for condition. An appraisal company determines the value of its equipment for the inventory. Herkimer County Community College staff indicated that the output of their inventory system is combined with academic judgment in their budgetary process. The other sample colleges did not maintain the necessary information to use their inventory systems as a budgeting tool.

CUNY has recently developed an inventory system comparable to the SUNY model which has been operating for CUNY four year colleges since 1985. The CUNY system is expected to become operational at the community colleges during 1986-87. CUNY's automated property management system was designed to meet federal and State requirements, to document its annual budget requests and to better manage the University's assets. CUNY uses an appraisal company formula to determine equipment replacement cost.

Budgeting Process Equipment Purchases

In all 12 colleges, the academic departments are responsible for developing annual equipment budget requests. Five of the 12 colleges also had formal plans for updating and replacing equipment. These requests usually are reviewed by the school deans and the faculty. The critical teaching needs of departments and new program equipment start-up requests receive priority in equipment acquisi-

tions. Several colleges indicated that certain departments are given priority each year because of limited funds for equipment purchases.

College officials identified the most critical needs for updating or replacing academic equipment for business programs as:

--Software for their accounting programs,

--Main frame computer equipment for all business programs, and

--Updated equipment for their word processing courses.

Most colleges indicated a need to incorporate computers into each technical program. Besides this general need, the most frequently cited equipment needs from sample colleges included:

--Health Science programs especially nursing (six colleges),

--Computer aided drafting, robotics and laser and fiber optics (four colleges), and

--Telecommunications (three colleges).

Table 3 lists the principal reasons given by community colleges for their decisions to update business and technical equipment. Unlike program change rankings, student demand was less important for equipment updates. Conversely, the availability of financing, especially grants, was more significant for equipment updates than for program changes. As discussed later, federal Vocational Education Act monies are an important funding source for business and technical equipment updates or replacement.

Program Costs and Finances

LCER staff calculated the 1985-86 per credit hour cost and per student enrolled staff allocations for business, technical and other programs for the sample colleges in the following manner:

1. Community college staff divided the instructional and support staff salaries, FTEs and the student enrollments by program type (business, technical or other). When a department or division included more than one program type or served as a principal support to a specific business or technical program, the unit's staffing and enrollments were allocated to the respective components. For example, a college with a Journalism program in its English department segregated those costs as a technical program under SUNY regulations. Also, in some colleges, some departments did not operate but directly supported a technical degree program. Such staff and course enrollments which directly supported another business or technical program were delineated separately.

2. Fringe benefits and 1985-86 major instructional equipment purchases as defined below were added to the salaries for each program type to yield total direct program costs. Subsequently, nonacademic and college wide costs not attributable to a given program type were prorated based on each program's credit hours. Costs such as counseling and the use of college wide facilities such as a media center and administration are included in the overhead allocation. Adding the overhead allocation may somewhat overstate overall program costs since some college units support nonacademic or noncredit generating activities.

3. Total student head count and credit hours for each program type in 1985-86 were used as the denominators to calculate the instructional and support staff allocations and direct program costs and total costs per credit hour.

Besides 1985-86 academic costs, LCER staff also calculated the per credit hour value of the colleges' instructional equipment inventories by program type. Only equipment valued at $2,500 or more or multiple pieces of the same type of equipment with an individual value of $500 and an aggregated value of $2,500 or more were included in this review.

Program and Equipment Costs

Table 4 demonstrates a substantial difference in the value of the major instructional equipment by program type in the sample colleges' inventories. Overall, technical programs had equipment valued at $16.67 per 1985-86 credit hour compared to $6.26 for business programs and to $0.86 for other programs. The technical programs had the largest per credit hour inventory cost in both SUNY and CUNY sample colleges though the gap between business and technical inventory values was somewhat greater for the SUNY colleges. In both systems, the per credit hour inventory value of other programs was under $2.00.

Table 5 reviews the 1985-86 staff and cost allocations for business, technical and other programs. Technical programs had fewer students enrolled per staff member (121.7) than business (172.6) or other programs (182.4). This holds true for both SUNY and CUNY community colleges though business programs had a greater staff allocation in SUNY schools. Technical programs incurred $80.28 in direct program costs and $175.56 in total costs per credit hour for 1985-86. Other programs ranked second in both categories for the sample while business programs expended just under $50 in direct costs and approximately $141 in total costs per credit hour. Though business programs cost less per credit hour than other programs, the analysis does not reflect the greater equipment needs of those programs as indicated in the per credit hour value of business equipment inventories (Table 4).

Funding Sources and Formula

This section reviews three revenue sources--private firms' contributions, federal aid and grants and State aid--used

Table 4

Value of Major Program Instructional Equipment
Sample Community Colleges
1985-86

Program	Dollars Per Credit Hour		
	SUNY[a]	CUNY[b]	Total
Business	$ 5.10	$ 8.61	$ 6.26
Technical	16.25	17.25	16.67
Other	0.37	1.75	0.86

[a]Excludes three community colleges--Herkimer, Schenectady and Westchester--as information was not provided or available in a usable form for analysis.

[b]Excludes Hostos Community College where no centralized inventory equipment list was available.

Source: Sample Community Colleges' response to LCER data request as calculated by LCER staff, October to December 1986.

Table 5

Community College Program Costs and Allocations
Sample Community Colleges
1985-86

	SUNY[a]	CUNY[a]	Total
Students Enrolled Per FTE Staff[b]			
Business	169.7	185.7	172.6
Technical	124.8	112.6	121.7
Other	189.6	169.2	182.4
Direct Program Costs Per Credit Hour[c]			
Business	$ 49.40	$ 49.73	$ 49.46
Technical	71.95	108.82	80.28
Other	61.71	58.31	60.56
Total Costs Per Credit Hour[d]			
Business	$135.84	$161.45	$140.79
Technical	162.35	220.87	175.56
Other	151.40	153.64	152.16

[a]Excludes Monroe and Queensborough Community Colleges from staff allocation analysis because of lack of head count data and Queensborough and Westchester Community Colleges from cost analysis because of lack of 1985-86 major equipment purchase information.
[b]Number of students enrolled per full-time equivalent faculty and support staff.
[c]Instructional and support staff salaries and 1985-86 major equipment purchases per credit hour generated by program.
[d]Direct program costs and allocation of college's nonacademic and noncredit generating expenditures by proportion of credit hours for each program.

Source: Sample Community Colleges' response to LCER data request as calculated by LCER staff, October to December 1986.

to finance the colleges' business and technical programs.

Private Firms' Support. Community college staff indicated that private firms had donated little or no equipment to their business programs. Five colleges acknowledged receipt of somewhat more private donations for their technical programs than for business programs. Six colleges noted significant donations for selected technical programs. Dutchess Community College received a substantial equipment and program development grant for its computer assisted drafting program. Six colleges characterized private donations for their technical programs as minor or insignificant. Private firm in-kind or financial support was not among the top five factors influencing community college equipment updates for their business and technical programs.

Federal Aid and Grants. Federal Vocational Education Act (VEA) funds were the only nonstate regular funding source

for instructional equipment for community college business and technical programs. Other sources such as grant monies have been limited and irregular.

The most recent VEA amendments in 1984 mandated that 57 percent of each state's VEA allotment be set aside for special groups such as the handicapped, the disadvantaged, displaced homemakers and criminal offenders; the remaining 43 percent could be used for general program improvement. The special allotment was intended to ensure that a significant amount would be available for delivery of direct instruction and support services.

Three community colleges complained that these amendments resulted in less monies and greater restrictions on the use of remaining funds. Their concerns were well founded. In federal fiscal 1985 (the last year before the 1984 VEA amendments took effect), sample colleges expended 72.1 percent of the $2.5 million in grant monies for equipment. In fiscal 1986, only 43.7 percent of the $2 million of VEA grants was used for equipment acquisition; this shows the increased focus on delivery of direct instruction and support services, rather than equipment purchases.

State Aid. The principal State operating funds for business and technical programs are basic and supplemental aid. In addition, the Legislature in 1986-87 added $1.5 million for instructional equipment for community colleges.

Eight of the 12 colleges stated that State basic aid should guarantee funding for 40 percent of the colleges' operating budget rather than the current approach where the college receives the lesser of the sum of the dollars generated by several incentive formulas or 40 percent of the operating budget. In 1985-86, basic aid constituted 28.6 percent of all community college revenues. Other suggested revisions for the basic operating aid formula included:

--An emphasis on head count rather than full-time equivalents in the formula base,

--A set aside for the needs of part-time and disadvantaged students,

--A State match of the local sponsor's contribution, and

--A capital rehabilitation fund for major campus renovations.

Community college staff supported the supplemental aid formula approach because the formula recognizes the higher costs of business and technical programs. One college stated that the LCER staff analysis will understate costs because of the lack of up-to-date equipment for the programs.

Table 6 compares 1985-86 supplemental aid claims to instructional and support and major equipment costs for the sample colleges. The supplemental aid constituted slightly over eight percent of the business program costs and almost ten percent of the technical program direct expenses. The business aid covered almost 12 percent of CUNY costs compared to 7.4 percent of SUNY school expenditures. Overhead costs were excluded since those costs include college wide costs partially funded by each college's basic operating aid.

In 1986-87, the Legislature appropriated $1 million for SUNY colleges and $500,000 for CUNY colleges for instructional equipment acquisition. The appropriation required an in-kind or dollar for dollar match, a maintenance of the sponsor's contribution and purchase of equipment consistent with the colleges' educational mission including its occupational and career programs.

SUNY distributed $300,000 equally to each of the 30 community colleges. The remaining $700,000 was allocated based upon each college's 1985-86 budgeted FTE students and its proportion of technical program FTEs.

Of the seven SUNY colleges which had final plans, three planned to expend the grant and matching funds among eight or

Table 6

Community College Sample
1985-86 Supplemental Aid
as Percentage of Direct Program Costs[a]

	SUNY[b]	CUNY[b]	Total
Business	7.4	11.8	8.3
Technical	10.1	9.1	9.8

[a]Includes instructional and support staff costs (including fringe benefits) and major equipment purchase costs for 1985-86.
[b]Excludes Queensborough and Westchester Community Colleges because of lack of information on 1985-86 major equipment costs.

Source: *Sample Community Colleges' response to LCER data request as calculated by LCER staff, October to December 1986 and 1985-86 community college financial reports to the State Comptroller.*

more academic units. Of the other schools, two planned to concentrate on assisting one academic unit, another supported three units while the remaining college upgraded its microcomputer network. Not surprisingly, technical programs especially high tech programs such as fiber optics and electrical and mechanical technology account for the vast majority of the departments being funded.

CUNY allocated the $500,000 based upon each college's current enrollment, its previous year's controllable budget allocation and the school's past year share of total CUNY equipment expenditures. CUNY also considered the school's ability to support the matching requirements and its past year's equipment budget. Each community college received a minimum of $50,000.

In the three sample CUNY colleges, medical laboratory technology and biological and health science programs received over half of the equipment allocations. The schools divided their equipment funds among two, Queensborough, four, Kingsborough, and five, Hostos, academic units respectively.

FOOTNOTES

1. Chapter 708, Laws of 1973.
2. Ibid.
3. 8 NYCRR 602.8(a)(10).
4. 8 NYCRR 602.8(a)(10),(11).
5. 8 NYCRR 602.8(d).

The research for this Memorandum Report was conducted by David Rowell and Linda Smith. Word processing was provided by Dawn Hewitt and Marilyn Kroms.

State University of New York
State University Plaza
Albany, New York 12246
Office of the Senior Vice Chancellor
Division of Administrative Affairs

March 13, 1987

Mr. Bernard P. Geizer
Director
State of New York
Legislative Commission on Expenditure Review
111 Washington Avenue
Albany, New York 12210

Dear Mr. Geizer:

In accordance with your letter of February 11, 1987, we are enclosing our comments*regarding your preliminary memorandum report entitled "Community College Business and Technical Aid".

We appreciate the courteous and constructive manner in which this review has been conducted and having had the opportunity to respond to the preliminary report.

Sincerely,

for John W Murphy
Harry K. Spindler
Senior Vice Chancellor
Division of Administrative Affairs

*Recommendation (Page 3)

The recommendation is one that will require additional study. Before a system-wide, uniform approach to inventory control is developed, there may be a need to accompany this initiative with some sort of start-up support since additional staff and technology could be required. A phase-in period would need to be considered and a resolution of ownership issues achieved regarding sponsor and "shared" equipment items. The inventory system at Herkimer County Community College was cited in the report as being fairly complete, and may serve as a model for other community colleges. We have requested a copy of the documentation and will review it thoroughly when received.

The Staff who conducted the study are to be commended for their professional approach, objectivity, and thoroughness.

The City University of New York

Office of Internal Audit
535 East 80th Street, New York, N.Y. 10021

212/794-5421/22

March 12, 1987

Mr. Bernard P. Geizer
Director
State of New York
Legislative Commission on Expenditure Review
111 Washington Avenue
Albany, New York 12210-2277

Dear Mr. Geizer:

I am writing to you in response to your letter to Chancellor Murphy dated February 11, 1987, regarding your preliminary draft memorandum report entitled "Community College Business and Technical Aid". We have reviewed your report and, to the best of our knowledge, find it to be accurate.

Inasmuch as the report's only recommendation refers to SUNY, and we have no comments regarding this recommendation, we are not submitting a formal response at this time. Thank you for offering us the opportunity to review this report prior to its finalization.

Sincerely,

Mel Wetter

Mel Wetter
Director

cc: Chancellor Joseph S. Murphy
Vice Chancellor Joseph Vivona
Richard Rothbard
Roger Sternberg
Louis Chiacchere
William Fox
James Delmore

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